

## SETTLEMENT AGREEMENT AND RELEASE

### I. Parties

This Settlement Agreement ("Agreement") is entered into between the State of Michigan *ex rel* Nancy Blondale ("State of Michigan"), Nancy Blondale ("Relator") and Millennium ("Millennium") Treatment Services, LLC and individually named defendants in Oakland County Circuit Court Civil Action 06-075577-CZ and Macomb County Circuit Court Civil Action 07-1655-CZ, acting through their authorized representatives (hereafter referred to as "the Parties").

### II. Stipulations:

The Parties agree and stipulate to the following:

A. Millennium is a Michigan corporation that owns and operates various substance abuse clinics that are or were participating providers of services in the Medicaid Program ("Medicaid") of the State of Michigan, pursuant to Medicaid Provider Agreements entered into with the State of Michigan.

B. Relator is an individual resident of the State of Michigan. On June 23, 2006, Relator filed a *qui tam* action in the Oakland County Circuit Court, captioned State of Michigan, *ex rel* Nancy Blondale v Millennium Treatment Services, LLC, William Scott Cole and Rosanna Palmer, Case 06-075577-CZ. Relator filed a second *qui tam* action, on April 18, 2007, in Macomb County Circuit Court, captioned State of Michigan *ex rel* Nancy Blondale v Millennium Treatment Services, LLC, Linda Campbell, Eleanor Schwartz, and Dale West, Case 07-1655-CZ, (hereinafter "the Civil Actions").

C. The Relator contends that Millennium submitted or caused to be submitted claims for payment to the State of Michigan's Medicaid Program ("Medicaid").

D. The Relator contends that Millennium improperly submitted false claims to the Michigan program by billing for full-sessions between counselors and patients, when Millennium did not provide a full-length treatment session. The State of Michigan has determined that Millennium engaged in the following conduct (hereinafter referred to as the "Covered Conduct"):

i) From October 6, 2004 through July 29, 2005, Millennium billed Medicaid through the Oakland County Substance Abuse Program for full-sessions with patients when the counselors employed by Millennium did not provide the patient with a full-treatment session. Millennium received reimbursement amounts from Medicaid that were higher than it was entitled to receive.

ii) From September 28, 2005 through August 15, 2006, Millennium billed Medicaid through the Macomb County Community Mental Health Services Office of Substance Abuse for full-sessions with patients when the counselors employed by Millennium did not provide the patient with a full treatment session. Millennium received reimbursement amounts from Medicaid that were higher than it was entitled to receive.

E. This Agreement is made in compromise of disputed claims. Millennium expressly denies each of the contentions and claims made by Relator set forth in Paragraph D above and allegations in the Civil Actions, and expressly denies that it has engaged in any wrongful conduct in connection with the Covered Conduct or that it is liable under Michigan's Medicaid False Claim Act, MCL 400. 601 *et seq.*, or any other civil, administrative or criminal cause of action with regard to such contentions or allegations. Nothing in this Agreement, or any obligation herein, or the fact of the settlement shall constitute, be construed to be, or be understood as an admission by Millennium that it has violated or breached any act, law, regulation, obligation or contract or has engaged in any wrongdoing.

F. Millennium has entered into separate compliance agreements with Oakland County Executive and Macomb County Office of Substance Abuse, Division of Macomb County Community Mental Health Services, to remit funds these entities have deemed to be overpayments to Millennium for the Covered Conduct described in Paragraph D above.

G. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

### **III. Terms and Conditions**

1. Millennium agrees to pay to the State of Michigan and Relator a total of Six Thousand Five Hundred Dollars (\$6,500) (the "Settlement Amount")

a. Two-thirds of the Settlement Amount, the sum of Four Thousand Three Hundred Thirty-Three Dollars (\$4,333) shall be paid to the State of Michigan by check pursuant to written instructions to be provided by the Michigan Attorney General's Office. Millennium agrees to make this payment no later than 30 business days from the Effective Date of this Settlement Agreement and Release.

b. One-third of the Settlement Amount, the sum of Two Thousand One Hundred Sixty-Seven Dollars (\$2,167) shall be paid to Relator by check pursuant to instructions provided by Counsel for the Relator, M. Michael Koroi, of Salem F. Samaan, P.C. Millennium agrees to make this payment no later than 30 business days from the Effective Date of this Settlement Agreement and Release.

2. Subject to the exceptions in Paragraph 6 below, in consideration of the obligations of Millennium in this Agreement, conditioned upon Millennium's full payment of the Settlement Amount, the State of Michigan, on behalf of itself, its officers, agents, agencies, and departments, agrees to release Millennium, its parents, current and former employees (including all those named as defendants in the Civil Action), agents, attorneys, insurers, divisions, subsidiaries, predecessors, successors, assignees, transferees and affiliates ("Millennium Released Parties") from any further civil or administrative monetary claims the State of Michigan has for the Covered Conduct.

3. The Millennium Released Parties fully and finally release the State of Michigan, its agencies, employees, servants and agents from any claims that Millennium has against the State of Michigan, its agencies, employees, servants and agents, for the Covered Conduct.

4. Relator and her heirs, successors, attorneys, agents, and assigns agree not to object to this Agreement and agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances pursuant to MCL 400.610a(5)(b) and, conditioned upon receipt of Relator's payment as set forth in Paragraph III.1.b, Relator, for herself individually, and for her heirs, successors, agents, and assigns, fully and finally releases, waives, and forever discharges the State of Michigan and Millennium, their officers, agents, and employees, from any claims arising from or relating to MCL 400.610a premised upon the Covered Conduct defined in this agreement; from any claims arising from the filing of the Civil Action; and from any other claims for a share of the Settlement Amount; and in full settlement of any claims Relator may have under this Agreement. This Agreement does not resolve or in any manner affect any claims the

State of Michigan has or may have against the Relator arising under Michigan tax laws, or any claims arising under this Agreement.

5. Relator, both in her capacity as Relator and individually, hereby does release, remise, acquit and forever discharge the Millennium Released Parties from any and all manner of actions and causes of action, suits, debts, obligations, choses in action, contracts, covenants, claims, sums of money, judgments, executions, damages, demands and rights whatsoever, contingent or liquidated, known or unknown, suspected or unsuspected, in law or in equity, now existing or which may hereafter arise based upon any fact now in existence, including, but not in any way limited to, the facts and circumstances which allegedly form the basis for the claims asserted in Civil Litigation and further agrees to dismiss the Civil Litigation, with prejudice and without costs or attorneys' fees, within 10 days of the Effective Date of this Agreement. Relator represents and warrants that she is not aware of any other activity on the part of the Millennium Released Parties that would give rise to a *qui tam* suit against any of the Millennium Released Parties.

6. Notwithstanding any term of this Agreement, the State of Michigan specifically does not release any person or entity from any of the following claims or liabilities:

- a. any civil, criminal, or administrative liability arising under State of Michigan revenue codes;
- b. any criminal liability;
- c. any civil or administrative liability that Millennium has or may have under any state statute, regulation or rule not covered by this Agreement;
- d. any liability to the State of Michigan (or its agencies) for any conduct other than the Covered Conduct;
- e. any liability based upon such obligations as are created by this Agreement;
- f. except as explicitly stated in this Agreement, including but not limited to the first three clauses of Paragraph 6 below, any administrative liability, including mandatory exclusion from the State of Michigan's Medicaid Program;

- g. any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. any claims for personal injury or property damage or for other consequential damages arising from the Covered Conduct;
- i. any liability for failure to deliver goods or services due;
- j. any liability of individuals, including officers and employees.

7. In consideration of the obligations of Millennium in this Agreement and the compliance agreements entered into between the Oakland County Executive and Macomb County Community Mental Health Services and Millennium regarding the Covered Conduct, conditioned upon Millennium's full payment of the Settlement Amount, the State of Michigan agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from the State of Michigan's Medicaid Program, except as reserved in Paragraph 6, for the Covered Conduct. Nothing in this Agreement precludes the State of Michigan from taking action against Millennium in the event that Millennium is excluded by the federal government, or for conduct and practices other than the Covered Conduct. The State of Michigan does not release Millennium from any claims or actions that may be asserted by private payers or insurers.

8. Millennium waives and shall not assert any defenses Millennium may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Millennium is specifically not waiving any other defenses it may have. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by

the State of Michigan concerning the characterization of the Settlement Amount for purposes of state revenue laws.

9. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by the State of Michigan's Medicaid Program or county payer for the Covered Conduct; and Millennium shall not resubmit to the State of Michigan's Medicaid Program or any county payer any previously denied claims for the Covered Conduct, and shall not appeal any such denials of claims.

10 Millennium agrees to cooperate fully and truthfully with the State of Michigan's investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Millennium shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Millennium agrees to furnish to the State of Michigan, if requested, complete and unredacted copies of all documents, reports, memoranda of interviews and records in its possession, custody or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by its counsel or other agent, unless such material is covered by a valid claim of privilege.

11. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 11 below.

12. Millennium waives and shall not seek payment for any of the health care billings covered by this Agreement from any Medicaid beneficiaries or their parents, sponsors, legally responsible individuals or third party payers based upon the claims defined as Covered Conduct.

13. Millennium warrants that it has reviewed its financial situation and that it currently is solvent and shall remain solvent following payment of the Settlement Amount.

14. The Parties represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

15. This Agreement is governed by the laws of the State of Michigan. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

16. The individual signing this Agreement on behalf of Millennium represents and warrants that they are authorized by Millennium to execute this Agreement on behalf of the Millennium Released Parties. The individual signing this Agreement on behalf of the State of Michigan represent and warrant that she is signing this Agreement in her official capacity and is authorized by the State of Michigan to execute this Agreement. Relator represents and warrants that she is executing this Agreement both as Relator and in her individual capacity.

17. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

18. This Agreement is binding on the Parties' successors, transferees, heirs and assigns.

19. All Parties consent to the disclosure of this Agreement, and information about this Agreement, to the public



20. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

State of Michigan

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Elizabeth Valentine  
Assistant Attorney General  
State of Michigan  
Office of Attorney General  
Health Care Fraud Division

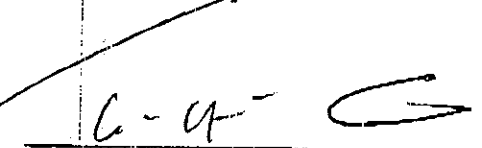
Millennium CorporationDATED: 11/12/07

BY: \_\_\_\_\_

  
Millennium Representative

DATED: 11.14.07

BY: \_\_\_\_\_

  
Kathleen Klaus  
Counsel for Millennium  
Maddin Hauser Wartell Roth & Heller P.C.  
28400 Northwestern Highway, Third Floor  
Southfield, MI 48034

Relator

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Nancy Blondale, as Relator and individually

DATED: \_\_\_\_\_

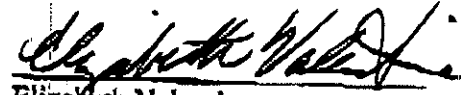
BY: \_\_\_\_\_

M. Michael Koroi  
Counsel for Relator  
Law Offices of Salem F. Samaan, P.C.  
150 North Main Street  
Plymouth, MIO 48170-1236

State of Michigan

DATED: 11/15/2007

BY:

  
Elizabeth Valentine  
Assistant Attorney General  
State of Michigan  
Office of Attorney General  
Health Care Fraud Division

Millennium Corporation

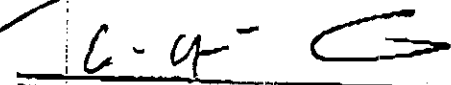
DATED: 11/12/07

BY:

  
Millennium Representative

DATED: 11/14/07

BY:

  
Kathleen Klaus  
Counsel for Millennium  
Maddin Hauser Wartell Roth & Heller P.C.  
28400 Northwestern Highway, Third Floor  
Southfield, MI 48034

Relator

DATED: \_\_\_\_\_

BY:

Nancy Blondale, as Relator and individually

DATED: \_\_\_\_\_

BY:

\_\_\_\_\_  
M. Michael Koroj  
Counsel for Relator  
Law Offices of Salem F. Samaan, P.C.  
150 North Main Street  
Plymouth, MI 48170-1236

State of Michigan

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Elizabeth Valentine  
Assistant Attorney General  
State of Michigan  
Office of Attorney General  
Health Care Fraud Division

Millennium Corporation

DATED: 11/12/07

BY: \_\_\_\_\_

Millennium Representative

DATED: 11/14/07

BY: \_\_\_\_\_

Kathleen Klaus  
Counsel for Millennium  
Maddin Hauser Wartell Roth & Heller P.C.  
28400 Northwestern Highway, Third Floor  
Southfield, MI 48034

Relator

DATED: 11/19/07

BY: \_\_\_\_\_

Nancy Blondale, as Relator and individually

DATED: 11/19/07

BY: \_\_\_\_\_

M. Michael Korol  
Counsel for Relator  
Law Offices of Salem F. Saman, P.C.  
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